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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 10/18/07

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ARTICLES:

(1) Simulation on new antiterrorism legislation

MAINICHI (Page 3) (Slightly abridged)
October 18, 2007

The government yesterday submitted to the ongoing Diet session a new antiterrorism bill to extend the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean. This is the first bill over which the ruling and opposition parties will face off in the Diet under the Fukuda administration. However, many in the government and the ruling camp remain cautious about ramming the bill through the Diet by resorting to strong-arm tactics, which could lead to dissolving the House of Representatives. Some are calling for carrying deliberations on the bill over to a regular Diet session next January. Meanwhile, some lawmakers, with an eye on the next House of Representatives election, are skeptical of Prime Minister Yasuo Fukuda's stance of keeping a low profile toward the opposition camp. The prime minister is likely to be pressed to make a hard decision while carefully paying attention to public opinion.

(1) Bill passed in Lower House but killed in Upper House

A senior member of the Liberal Democratic Party's Machimura faction said: "We should have the bill passed at least by the Lower House. If the bill is killed in the House of Councillors, we should resubmit it in the next regular Diet session."

The current extraordinary Diet session is to end Nov. 10. The Democratic Party of Japan (DPJ), which has control of the House of Councillors, remains opposed to the government's plan to continue

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the MSDF refueling mission. If the ruling camp tried to enact the bill in the current session in a high-handed manner, the political situation would inevitably grow tense later this year.

Floating under such a situation is the idea presented by senior member of the Machimura faction. In this case, the session would be extended by only less than one month. If the bill cleared at least the Lower House, the prime minister would be able to report on this result during a visit to the US scheduled for Nov. 17-19. In a meeting with President Bush, Fukuda would be able to shift the responsibility for the suspension of the refueling operation to the DPJ.

If the bill was carried over to the ordinary Diet session, priority would naturally be given to deliberations on a FY2008 budget bill. In a press conference held just after coming into office, the prime minister had also said: "The people's daily lives must not be negatively affected." The start of deliberations on the bill would be sometime after the budget bill passes the Diet next March, at the earliest. In this case, the refueling operation would be suspended for more than six months after the current law expires on Nov. 1.

The showdown between the ruling and opposition parties is expected to heat up next spring, when budget-related bills are also to be deliberated on. Some observers see that DPJ Secretary General Yukio Hatoyama, keeping this in mind, suggested dissolution of the Lower House through talks, after the budget bill comes into effect.

(2) Deliberations on bill carried over to next session

In the government and the ruling camp, there is also an option of adjourning the current Diet session on Nov. 10 as initially scheduled, without having the bill passed the Lower House. In this case, the government and the ruling camp will be able to avoid harsh attacks from the opposition camp over the allegation of diversion of MSDF-provided fuel for use in the Iraq war.

In a joint meeting of LDP national defense departments yesterday, former Defense Minister Yuriko Koike indicated that it would be better to close the current session without extending it. She said: "Regarding the refueling issue, whenever negative aspects are reported, public opinion tends to react negatively to the refueling

mission, as is the case of politics-and-money scandals." Those who are calling for swiftly ending the session are also worried about the DPJ's move to demand summoning former Vice Defense Minister Moriya for unsworn testimony regarding the Defense Agency's correction of the amount of Japanese fuel provided to US supply ships.

Even so, if the bill is carried over to the next session, deliberations on it will not start before the budget bill for next fiscal year passes the Diet.

If Japan gives up on a resumption of the MSDF refueling mission without having the bill passed the Lower House, Japan will find it difficult to explain Japan's stance to the US, which has offered all-out cooperation to the Japanese government.

US Ambassador to Japan Thomas Schieffer met with Chief Cabinet Secretary Nobutaka Machimura at the Prime Minister's Office on Oct.

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16 and renewed his call for Japan's continued refueling service. Should the US become skeptical of the prime minister's eagerness,

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the result of the planned US visit by the prime minister might be adversely affected.

In a meeting of the Upper House Budget Committee yesterday, the prime minister dodged a question by a DPJ member asking the possibility of ending the Diet session without extending it, just saying: "It is a matter on which the Diet should decide."

(3) Bill enacted after re-voting in Lower House

Even if the bill is voted down in the Upper House, the coalition can still ram it through the Diet by a two-third Lower House overriding vote. But some lawmakers in the ruling bloc are reluctant to use such forceful tactics.

Re-voting ignores the intentions of the Upper House, which reflects public opinion. Given this, if the bill is brought back into the Lower House for a revote, the opposition camp will surely react strongly, defining the approach as "arrogance of power." In this case, the opposition bloc may submit a censure motion against the prime minister to the Upper House and adopt it. Although a censure motion has no binding power, a senior member of the ruling camp's election committee says: "If we are driven into corner over a censure motion, the government will inevitably be driven into dissolving the Lower House for a snap election. If an election is carried out under such a situation, the ruling camp will suffer a major loss without fail. We must absolutely avoid this situation." The New Komeito, which insisted on "one year" as the new legislation's term of validity, also remains extremely cautious about a revote.

Former Chief Cabinet Secretary Kaoru Yosano under the Abe administration reiterated the justification of the provision for the two-third vote (in Article 59 of the Constitution), saying, "The provision can be commonly used." He reportedly stressed the effectiveness of this provision to LDP Diet Affairs Committee Chairman Tadamori Oshima.

Lawmakers who emphasize the effectiveness of re-voting seem to be judging that if Prime Minister Fukuda keeps a low profile, he may not be able to compete with DPJ President Ichiro Ozawa. To counter Ozawa, they think that attacking is the best defense. But the prime minister cannot easily resort to the tactics advocated by Yosano and others that could lead to dissolving the Lower House for general elections.

(2) Interviews with Yukio Okamoto and Kenji Isezaki on MSDF refueling operation

Foreign affairs commentator Yukio Okamoto -- Terrorism must be prevented from spreading to Asia

-- When the government decided on the refueling operation in 2001, you were serving as an adviser to the Cabinet Office.

Okamoto: Japan had several options back then, but Prime Minister Koizumi and Chief Cabinet Secretary Fukuda chose the refueling mission. I think it was a pragmatic decision.

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Many countries are associated with Afghanistan in three areas: Operation Enduring Freedom (OEF), the International Security Assistance Force (ISAF), and the Provincial Reconstruction Team (PRT). Japan is refueling naval vessels of the countries engaged in the maritime interdiction operations (MIO) as part of OEF. Although the refueling operation is least dangerous and not so costly, it is appreciated by other countries.

-- How would other countries be affected if Japan discontinued its services?

Okamoto: US and British refuelers are operating in the same waters, so they would be able to continue with MIO even without Japan. Whether or not to drop out of the international effort of 40 countries that are engaged in the war on terrorism in Afghanistan is a serious question for Japan.

-- Will the government be able to convince the general public about the rationale behind the refueling operation?

Okamoto: Why doesn't it say that they are preventing terrorism from spreading to Asia? Terrorism is moving east, engulfing the Palestinian territories, Iraq, Afghanistan, and Pakistan. They are working hard so as not to allow terrorists take control of the sea.

-- Is there any option other than providing fuel for Japan?

Okamoto: Japan can cooperate in providing information, which is more desirable. Two MSDF vessels -- a supply ship and a destroyer -- are now in the Indian Ocean. But because they are playing only a supportive role, Japan is regarded as an associate MIO member. Japan is not informed of the overall picture of the operation, either. Japan would be able to become a full member if it reduces the two vessels to one destroyer and provides information on suspicious boats. Japan would not have to conduct ship inspections that require use of weapons. It would just have to provide information on the sea. Such would not constitute an exercise of the right to collective self-defense.

-- Democratic Party of Japan President Ichiro Ozawa has proposed participation in the ISAF.

Okamoto: Afghanistan has claimed 71 Canadian lives. The ISAF would be more dangerous than the Ground Self-Defense Force's operations in Samawah. I wonder if such is really possible. Replacing the refueling mission with ISAF participation sounds ridiculous.

Tokyo University of Foreign Studies Prof. Kenji Isezaki -- Better security possible with civilian power

-- What is your view of Afghanistan today?

Isezaki: The security situation has deteriorated. The country is producing over 90 PERCENT of poppies consumed in the world. No exit is in sight. Poverty produces terrorists. The anti-terrorist operations by the US military and other countries have destroyed people's livelihood and drawn a backlash, turning moderates into terrorists. America's self-centered actions have fueled such a trend. A large number of terrorists have been produced as a result of the training of several days in the process of building the corrupt Afghan police structure. The country has been swayed by the Bush administration's quest for results.

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-- Has the refueling operation helped improve the situation?

Isezaki: I seriously doubt it. Although the government indicated as if the country has received words of gratitude and requests from other countries, the Afghan government and people did not know about Japan's activities until recently. The refueling mission is only a cheap means to demonstrate Japan's assistance to the United States. The government and ruling parties think sending SDF troops is the only way to contribute to the international community, which is not true. This is a chance to think of ways of bringing stability to Afghanistan and reducing terrorism.

-- What do you think Japan should do?

Isezaki: First, Japan should withdraw the MSDF and break with the military sector. I would strongly recommend a security sector reform (SSR) project. Japan's civilian power has succeeded in the disarmament, demobilization and reintegration (DDR) of military cliques as part of the SSR. Reconciliation between the Afghan government and moderate Taliban groups is also vital. It is becoming a reality in Afghanistan, though the United States does not want to recognize it. Japan, a nonmilitary and non-Christian country, can take the initiative.

-- Won't MSDF withdrawal adversely affect the Japan-US alliance?

Isezaki: I don't think so. Actively playing a role in improving the situation in Afghanistan would be welcomed, and that would actually help the United States. Japan should end its practice of dispatching the SDF for the sake of the US' complacency.

-- What do you think of DPJ President Ozawa's argument that Japan is allowed to take part in a peacekeeping operation backed by a UN resolution?

Isezaki: His logic is legally correct. No Japanese troops have been killed on the ground due to the misconception that Japan has never been involved in the country militarily. But once ground troops are sent there, they would definitely become targets of terrorism.

(3) Military commentator Keisuke Ebata: Continued Japan's refueling operation significant

YOMIURI (Page 4) (Full)
October 18, 2007

Countless numbers of tankers navigate back and forth through the Indian Ocean. If terrorists became active in those waters, and they scattered mines across the ocean, the global economy would be thrown into a panic. Therefore, in order to provide security for the region, it is crucial for Japan to continue to support the maritime interdiction operation. It is not easy to understand why the government was adamant about the refueling activities. The government has explained that the costs of the refueling operation is relatively modest and that the operation is safe. However, it is possible for Japan to search and monitor suspicious ships on the ocean by using the Maritime Self-Defense Force's P-3C antisubmarine aircraft. Therefore, it is regrettable, that the government did not discuss any other options than the refueling activities.

I have heard that the Democratic Party of Japan (DPJ or Minshuto) is

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considering civilian assistance, but there are such problems as the standards for use of arms and the sharing of intelligence with other countries. Other countries' militaries cannot afford to protect Japan.

Acts of terror continue on a global scale. However, the validity of the new legislation is one year. It is necessary to promote a national debate in a flexible manner as to what Japan should and can do for global security, including the establishment of a permanent law.

(4) Editorial: Whether new special antiterrorism bill will clear Diet relies on prime minister's determination

SANKEI (Page 2) (Full)
October 18, 2007

The new antiterrorism special measures bill was finally submitted to the diet. As the current law is to expire in two weeks from now, it is unavoidable that the Maritime Self-Defense Force's refueling operation in the Indian Ocean will be suspended. In an attempt to resume the MSDF activities as quickly as possible, the government and ruling coalition must make their utmost effort to enact the new antiterrorism bill.

Prime Minister Yasuo Fukuda will likely be forced to make tough decisions on whether to extend the current Diet session and whether to take a second vote on the new legislation at the House of Representatives. Some in the ruling coalition camp are cautious about dealing with bills in the ongoing extraordinary session. From the viewpoint of fulfilling Japan's international responsibility by participating in the war on terror, the prime minister is required to adamantly push through the legislation.

The main opposition Democratic Party of Japan (DPJ or Minshuto) has remained opposed to the MSDF refueling operation. The largest opposition party, however, will look into a counterproposal to provide a contribution in personnel in Afghanistan. If the counterproposal is aimed for the sake of its reputation or to buy time, the qualifications of the DPJ as a responsible party will be questioned.

There was a two-month political vacuum after the July Upper House election that resulted in a delay in the submission of the legislation. The LDP-New Komeito coalition bears primary responsibility for the delay in submitting the bill as it did not take any steps immediately after the Lower House race.

The expectation is that the new legislation will be voted down in the Upper House, a majority of which is held by the opposition camp, and it then will be put to a second vote in the Lower House. Unless there are special changes in deliberations in the upper chamber, the ruling coalition should take a second vote in the Lower House to enact the bill. It is unacceptable to carry the bill over to the ordinary session next year due to political motives.

The new bill does not require ex post facto Diet approval and reporting, but it shortens the term of the MSDF refueling operation from the current two years to one year. It is desirable that the SDF dispatch overseas after the two Diet chambers approve it. But as long as the DPJ opposes continuing the refueling mission, the government has no choice but to omit procedures as much as

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possible.

However, a response requiring frequent legal changes to a refueling law might give the impression that Japan is reluctant to take part in the war on terror. The government should hurry to conduct debate on a permanent law with an eye on improving the legal structure.

The DPJ is looking into a possibility of providing manpower assistance to the International Security Assistance Force (ISAF), but it has yet to decide on such specific measures as what the contents of activities are and whether to dispatch Self-Defense Force troops to Afghanistan. It is overly irresponsible to establish a law just to say there is a law to send someone overseas.

(5) Widening gulf between LDP and DPJ over personnel appointments that require Diet approval

ASAHI (Page 4) (Full)
October 17, 2007

LDP's proposal of pre-screening turned down

A gulf is widening between the ruling and opposition camps over the appointments of council and committee posts that require Diet approval. Although the ruling Liberal Democratic Party (LDP) proposed to the main opposition Democratic Party of Japan (DPJ or Minshuto) that the largest opposition party participate in the pre-screening between the government and the ruling camp on the appointments. The DPJ, however, rejected the proposal. Calling for consultations at center stage, the DPJ intends not to hesitate to oppose appointments. With the expiration of terms of posts approaching, the number of appointment bills on which the Diet is expected to take a vote is 28 from 14 organizations. Chances are that some appointments will not be approved in the current session and will be carried over to the next ordinary session.

With the Diet divided -- the ruling bloc holding a solid Lower House majority and the DPJ-led opposition in control of the Upper House -- the LDP tried to have the DPJ take part in its consultation-policy line, by letting it join the pre-screening of the appointments of government panel posts. The approval of both Diet houses is required for the appointments of posts. Disapproval means the Diet decides a certain person is not suitable for the post. So, the LDP Diet Affairs Committee Deputy Chairman Kenji Kosaka proposed to the DPJ pre-consultations, saying "I want the DPJ, the largest party in the Upper House, to understand the appointments and bear responsibility like the ruling camp does."

Soon after the inauguration of the Fukuda government, a senior LDP Diet Affairs Committee member suggested an idea of getting the DPJ involved in the pre-screening. The DPJ did not immediately reject it even though it has refused to hold all prior consultations.

The following exchanges were carried out in early October.

Kosaka said: "Those who are appointed will be inconvenienced. As we will disclose all information, I want you to agree to hold discussions in private."

DPJ Diet Affairs Committee Chairman Kenji Yamaoka responded: "If so, persons in charge of the issue should discuss it more."

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However, the DPJ formally informed the LDP last weekend its refusal. Following this, the LDP confirmed its policy of screening on its own and starting the Diet procedure.

The term of three of the Transport Council members is to expire soon. The Ministry of Land, Infrastructure, and Transport has pushed ahead with the appointment work to obtain informal consent from the Prime Minister's Official Residence. Since the DPJ once opposed the appointment of council members, there is no guarantee that the ministry will get Diet approval. In case the appointments of three committee members are rejected, the council will not be able to fulfill its duties due to a lack of a majority. The term of one of the three commissioners of the Board of Audit will end next February.

The ruling coalition will shortly pre-screen 28 appointments at once and submit them to the Diet as a bill.

Minshuto wary about cooperation

Hirohisa Fujii, supreme adviser of the Democratic Party of Japan (DPJ or Minshuto), explained the reason for his party opposing pre-consultations in this way: "When we discuss one issue from scratch (with the LDP), it is the same that we do so for forming a 'grand coalition.' We won't be able to bring about a two-party system."

The DPJ is wary of the word "pre-screening." Pre-screening means coordination on bills between the government and ruling camp. If the DPJ takes part in such a framework, it will be integrated with the government. The party will have no choice but to offer non-cabinet support little by little. Since the leading opposition party aims to take political power, it seems that the largest opposition party senses ill intentions from the LDP.

Should the DPJ be treated like a ruling party, the alliance with other opposition parties might be destroyed. Four opposition parties have agreed to fall in line on a vote on the Diet approval-required appointments.

If the DPJ disapproves any appointments, those appointments will not be realized. This was demonstrated in a meeting on Oct. 10 of the DPJ's General Affairs Division. NHK Executive Committee Chairman Shigetaka Komori, who was invited to the meeting, came under criticism for having called on NHK to call attention to its programming during election campaigning. This is a message from the DPJ that the party will not hesitate to oppose the appointments of three NHK executive members, which will be put to a vote at the Diet in the ongoing session. The government's draft appointments will be submitted to a director meeting of the Lower House Steering Committee after going through the pre-screening in the ruling camp. The DPJ decided on the 16th to deal with this issue in an executive meeting, including Ozawa, after internal discussion. The party is considering summoning candidates to the Diet in order to determine whether to approve or disapprove.

(6) Government to get down to work to hike consumption tax: "It will be necessary to raise the tax to between 11 PERCENT -17 PERCENT "

ASAHI (Page 1) (Full)
October 18, 2007

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A hike in the consumption tax has surfaced as a major policy issue for the Fukuda administration. The Cabinet Office during a meeting of the Council on Economic and Fiscal Policy yesterday released estimates that in order to maintain the present level of medical and nursing care services, a tax hike worth approximately 14-31 trillion yen would be necessary and that if that amount is covered with a hike in the consumption tax, it would become necessary to hike the rate to between 11 PERCENT -17 PERCENT . Chief Cabinet Secretary Machimura and Liberal Democratic Party (LDP) Tax System Research Council Subcommittee Chairman Kaoru Yosano also indicated their willingness to take a second look at the consumption tax rate, putting forward a clearer stance of the administration tacking this issue in tandem with maintaining social security services.

Prime Minister Fukuda during an Upper House Budget Committee meeting held prior to the CEFPP meeting stressed the need to speed up debate on the tax hike issue, noting, "Even if it was found that it is impossible to finance an increase in social security expenses after completing spending reform, it would be impossible to cut social spending." Machimura also told a news conference, "In the long-term perspective, probably nobody will think that the consumption tax could be left unchanged." Yosano during an interview with Asahi Shimbun the same day indicated his intention to press ahead with the tax reform drive with a hike in the consumption tax in mind. He said, "We must discuss indirect taxes as a major tax item, involving the entire Japanese society."

The Fukuda administration wants to address the consumption tax hike issue as a key agenda item, because it wants to consolidate the tax system in a way that can cope with a future increase in social security expenses with the end-of-the year annual tax code revision close at hand.

The estimates made by the Cabinet Office are intended to support the stance of the government and senior ruling party officials.

The estimates were made based on two premises -- 14.3 trillion yen, the government goal for a spending cut to be achieved by fiscal 2011, and 11.4 trillion yen. Estimates are thus made based on a total of eight cases, for instance, assuming a nominal growth rate of 3.2 PERCENT and 2.1 PERCENT in the fiscal 2012-2025 period.

Even in the most optimistic case, in which 14.3 trillion in spending cuts is achieved, a tax hike worth at least 14.4 trillion yen would be needed in fiscal 2025 in order to fund payouts for medical and nursing care services and interest payments for government bonds. In

terms of the consumption tax, it would be necessary to raise it to up to 10.7 PERCENT . In the most pessimistic case, a tax hike worth up to 31 trillion yen would be necessary in fiscal 2025. In terms of the consumption tax, a hike to 17.4 PERCENT would be necessary.

(7) Okinawa City Assembly to adopt a rape protest resolution

OKINAWA TIMES (Page 2) (Full)
October 18, 2007

OKINAWA -- The Okinawa City Assembly special base investigative committee (chaired by Katsue Yonamine) decided on Oct. 17 to hold a special meeting on Oct. 22 to propose a protest resolution and an opinion letter regarding a rape resulting in bodily injury by a 21-year-old son of a US serviceman residing on Kadena Air Base, on the grounds that the inhumane crime trampling on human rights is

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intolerable. The assembly is likely to unanimously adopt them.

The protest resolution says: "It is extremely regrettable that an incident of this sort occurred again despite our repeated requests to the US military for preventive measures and stricter discipline in the wake of a series of incidents involving US military personnel or civilian employees." It also calls for an apology and compensation to the victim and the prevention of a similar occurrence.

(8) FTC's draft amendments to Antimonopoly Law set vague standards on fines; Ruling camp criticizes measures to protect subcontractors as insufficient

ASAHI (Page 11) (Full)
October 17, 2007

The Fair Trade Commission (FTC) released a report outlining its basic plans to revise the Antimonopoly Law yesterday. The report includes measures to protect subcontracting firms, avoiding such drastic measures as slashing surcharge rates again. Some in the ruling camp criticize the measures to help small businesses as insufficient. The report also sidesteps a review of the current judgment system in which the FTC makes judgments on complaints of punishment handed down by the FTC itself, leaving a cause of conflict for the future. The FTC wants to compile a bill by the end of the year, with an eye on submitting it to the regular Diet session next year, but coordinating views is likely to be difficult.

In a meeting of the Liberal Democratic Party's Research Council on the Antimonopoly Law (chaired by Mitsuo Horiuchi) yesterday, former Justice Minister Okiharu Yasuoka said: "The report represents the FTC's views. It is not correct to think that all the proposals in the report will be included (in the bill)."

Under the judgment system, the FTC plays both roles of prosecutor and judge. Nippon Keidanren (Japan Business Federation) calls for a review of the system to enable complaints to be dealt in accordance with legal procedures. Keidanren intends to work on the LDP to stipulate in a revised version the abolishment of the judgment system. Participants in the meeting also presented views supportive of this idea.

The report further proposes expanding the scope of acts that could be subject to administrative surcharges to include major companies abusing their dominant positions against smaller firms and other illegal practices. A member of the LDP, which suffered a crushing defeat in the House of Councillors election this summer, evaluated this proposal positively, saying: "The measure will contribute to protecting subcontractors and small to medium-sized firms." Even so, the FTC has left standards vague for actually imposing fines.

The FTC report also suggests changing the current ex post facto reporting system on stock transactions into a prior reporting system. But Keizai Doyukai (Japanese Association of Corporate Executives) yesterday called for full consideration to be given to ensure speedy procedures so as not to delay merger and acquisition

(M&A) plans, which need flexibility. Keidanren also worries about the proposed prior system, a senior member saying: "It will be undesirable if stock transactions are not carried out smoothly, affecting business activities negatively."

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(9) Editorial: Triangular mergers: Use system instead of just being scared

SANKEI (Page 2) (Full)
October 4, 2007

Leading US financial group Citigroup will wholly own the Nikko Cordial Group under its wing using a triangular merger method.

The Japan affiliate of Citigroup, which has about 68 PERCENT stake in Nikko, said it would transfer its parent company's stocks listed on the US market as merger consideration in exchange for obtaining all of the remaining Nikko stocks.

Under the triangular merger system, when a parent company obtains another company through its subsidiary, a stock-swap using the parent company's stocks is allowed. Though the target company of the merger this time between the Japan corporation of the Citigroup and the Nikko Cordial Group is a fully-owned company, this is the first merger using the triangular merger method, which has become available to foreign companies since this May.

A triangular merger makes flexible M&As possible, since it does not require merger funds. In particular, large foreign companies with large capital stock issues and high-market value find it easier to buy out Japanese companies.

Voices alarmed about foreign companies have grown stronger in business circles. As a result, this method was put on hold for a year even after the amended Corporation Law went into effect.

Consent at a board meeting and shareholders meeting of a target company is needed in order to apply the triangular merger method. In particular, a special resolution requiring approval from more than two-thirds of shareholders with a voting right has to be adopted at a shareholders meeting. Many companies have adopted measures to fend off takeover bids while the law was put on hold. High barriers exist to fight off hostile takeover bidders armed with this method.

The reality is that even if conditions for using the triangular merger method were made tougher, it would still be possible for foreign companies to buy out Japanese companies using the conventional method, if gigantic overseas companies are determined to do so. On reason is because there is a global money glut as represented by oil money.

Instead, we should probably look at the downside of becoming strongly alarmed about triangular mergers, that is to say, if foreign investors feel the Japanese market is reluctant about this method, they might avoid investing in Japan, judging that its market is closed.

Triangular mergers are effective for the reorganization of domestic industries. As is represented by the home electronics industry, a war of attrition among numerous companies is going on in some areas. Such industries need reorganization in order to effectively use human resources and capital.

The original aim of introducing triangular mergers was to encourage investment by foreign countries and the reorganization of domestic companies. We want to make the most of the method to revitalize the

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economy and strengthen companies' international competitiveness, instead of being scared of it as a come on to bring in the Black Ships --- i.e., the advance of foreign companies into Japan.

